

Message Text

PAGE 01 KINGST 02188 070809Z
ACTION EB-07

INFO OCT-01 ARA-06 EUR-12 IO-13 ISO-00 CEA-01 CIAE-00
COME-00 DODE-00 FRB-03 H-01 INR-07 INT-05 L-03
LAB-04 NSAE-00 NSC-05 PA-01 EPG-02 AID-05 SS-15
STR-04 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01
AF-10 EA-07 NEA-10 FEA-01 AGR-05 /139 W
-----072109Z 068349 /63

R 061330Z MAY 77
FM AMEMBASSY KINGSTON
TO SECSTATE WASHDC 5136
INFO AMEMBASSY BONN
AMEMBASSY CARACAS
AMEMBASSY LONDON
AMEMBASSY OTTAWA
AMEMBASSY PORT OF SPAIN
AMEMBASSY THE HAGUE
USMISSION MTN GENEVA
USMISSION GENEVA

C O N F I D E N T I A L KINGSTON 2188

E.O. 11652: GDS
TAGS: EFIN, EAID, JM
SUBJECT: JAMAICAN GOVERNMENT CONCERN ABOUT CCC CREDITS AND PL-480

REF: KINGSTON 2188

1. SUMMARY: US TEAM REPS MET MAY 4 WITH GOJ TEAM TO
DISCUSS CCC CREDITS AND PL-480. GOJ STRESSED FUNDAMENTAL
AND VITAL IMPORTANCE TO JAMAICA OF FINANCING FOR FOOD
IMPORTS, NOT ONLY IN LIGHT OF CURRENT BALANCE OF PAYMENTS
CRISIS BUT BECAUSE OF SOCIAL CONSIDERATIONS AS WELL.
THEY EXPRESSED FRUSTRATION WITH DIFFICULTIES POSED BY
POLITICAL RISK REQUIREMENT FOR CCC CREDITS, NOTING THT
THIS REQUIREMENT ALSO MAKES IT INCREASINGLY DIFFICULT TO
OBTAIN NORMAL COMMERCIAL CREDITS. END SUMMARY.
CONFIDENTIAL

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2. GOJ REPRESENTATIVES (FRANK FRANCIS, WARREN WOODHAM,
DEXTER ROSE AND OTHER OFFICIALS FROM FINANCE, COMMERCE
AND INDUSTRY MINISTRIES) OUTLINED APPLICATION FOR \$10
MILLION CREDIT FOR CORN AND WHEAT AND PROBLEMS WHICH HAVE
ARISEN OF FIRST NATIONAL BANK OF CHICAGO'S AND OTHER BANKS
UNWILLINGNESS TO ASSUME POLITICAL RISK
GUARANTEE.
ROSE ASSERTED THAT IF POLITICAL RISK REQUIRE-
MENT WAIVED, BANK WOULD AGAIN BE INTERESTED BUT THAT
BANK NOT NOW PREPARED TO ASSUME RISK EVEN AT HIGHER

INTEREST RATE. COMMODITIES CONTRACTED FOR IN ANTICIPATION OF THIS CREDIT ALREADY ARRIVING IN JAMAICA AND BEING FINANCED IN PART BY \$1 MILLION CREDIT WITH FIRST NATIONAL BANK OF CHICAGO. GOJ HAS ALSO APPROACHED USDA FOR CCC CREDIT FOR ADDITIONAL \$10 MILLION CCC CREDIT FOR CORN BUT HAS NOT APPROACHED BANKS BECAUSE OF POLITICAL RISK PROBLEM. ROSE NOTED THAT WITHDRAWAL OF FIRST CREDIT EXACERBATES FURTHER PROBLEM OF FOREIGN EXCHANGE SHORTAGE.

3. JAMAICAN FINANCE MINISTRY NOW PUTTING TOGETHER ELEMENTS OF REQUEST FOR \$10 MILLION IN CORN UNDER PL-480 IN LIEU OF SECOND CCC REQUEST. US TEAM NOTED SEVERE CONSTRAINTS USG UNDER IN FY-77 GIVEN THAT ALL TITLE I IN 25 PERCENT CATEGORY ALREADY ALLOCATED. US TEAM INDICATED THAT IT WOULD EXPLORE POSSIBILITIES ON RETURN TO WASHINGTON BUT THAT CHANCES OF DOING ANYTHING FOR JAMAICA IN THIS AREA NOT GOOD. PROBLEM OF USUAL MARKETING REQUIREMENTS ALSO OUTLINED.

4. FRANCIS SUMMED UP DISCUSSION BY EMPHASIZING TWO POINTS: POLITICAL RISK ELEMENT INJECTS UNCERTAINTY INTO ALL ATTEMPTS BY GOJ TO NEGOTIATE CREDITS, INCLUDING COMMERCIAL CREDITS, AND PER CAPITA INCOME CRITERION IS NOT ADEQUATE TEST OF NEED. FRANCIS ALSO EXPRESSED UNCERTAINTY ABOUT CRITERIA USED IN JUDGING EXTENT OF POLITICAL RISK. ON CONFIDENTIAL

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WHAT BASIS, HE ASKED, IS JAMAICA INCLUDED IN SAME CATEGORY AS COUNTRIES LIKE ICELAND, IRELAND, UK, SOUTH AFRICA, AND PANAMA.

5. IN SUBSEQUENT MEETING BETWEEN FRANCIS AND LION, LATTER INDICATED THAT FOLLOWING US TEAM'S RETURN TO WASHINGTON, HE WOULD LOOK INTO MATTER AND ARRANGE FOR CLARIFICATION AND EXPLANATION TO FRANCIS.
DORRANCE

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